

Title: SURETY BONDS		Contents: P-4000
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Policy

Surety Bonds are normally not required unless required by law, or where circumstances dictate a special need to protect the County's interest.

Surety

Surety is requested from the vendor(s) to guarantee faithful performance on a contract. As an example, if a vendor fails to make delivery and the County is required to purchase the items on the open market at a higher price, the surety will reimburse the County for the difference.

Generally, a 10% bond is adequate but surety can be as high as 100% depending on the requirements. Surety can be provided in the following forms:

- Annual Or Continuous Bid And Performance Bond
- Bank Passbook Account Assigned To County
- Cash
- Certified Or Cashiers Check
- Irrevocable Letter Of Credit
- Performance Bond
- Personal Or Company Check
- Saving & Loan Certificates

Bid Bonds

A bid bond is basically a guarantee from the insurance company that if the bidder is successful and awarded the contract, the bid bond will be converted to a performance bond. Bid bonds are used when a performance bond is an essential requirement and time is of the essence.

Bonds - \$50,000 and Higher

When a bond is \$50,000 or more, the attorney-in-fact must be registered with the County Clerk of Los Angeles County. The vendor takes care of this and pays the appropriate fees.